

FULBRIGHT & JAWORSKI

BANK OF THE SOUTHWEST BUILDING

HOUSTON, TEXAS 77002

TELEPHONE (713) 651-5151

TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

CHRISTOPHER E. H. DACK
PARTNER

IN DALLAS

DUMAS, HUGUENIN, BOOTHMAN & MORROW

AND

FULBRIGHT & JAWORSKI

2001 BRYAN TOWER, SUITE 1400

DALLAS, TEXAS 75201

TELEPHONE (214) 969-0969 (DHB&M)

TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA

300 CONVENT STREET

SAN ANTONIO, TEXAS 78205

TELEPHONE (512) 224-5575

ST. JAMES'S PLACE

LONDON, SW1A 1NP

TELEPHONE (01) 629-1207

TELEX 28310

RECORDATION NO. 14572
FEB 15 1985 - 2 10 PM
INTERSTATE COMMERCE COMMISSION

5-045A020

February 14, 1985

No.

Date FEB 15 1985

Fee \$ 10.00

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

ICC Washington, D. C.

Dear Secretary:

I enclose two original counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The enclosed document is the Demand Debenture (mortgage) of Canadian Enterprise Gas Products, Ltd. in favor of Dow Chemical Canada Inc., Trustee and Nominee of The Dow Chemical Company, a primary document, dated January 30, 1985.

The names and addresses of the parties to the Demand Debenture are as follows:

Canadian Enterprise Gas Products, Ltd., Mortgagee
2012 Suncor Building
Calgary, Alberta
Canada

Dow Chemical Canada, Inc., Trustee for Mortgagee
Bow Valley Square 4, Suite 3102
250 6th Avenue S.W.
Calgary, Alberta T2P 3H7
Canada

The Dow Chemical Company, Mortgagee
2020 Dow Center
Midland, Michigan 48674
USA

FEB 15 12 02 PM '85
TOLSON
FEB 15 1985

Secretary
Interstate Commerce Commission
February 14, 1985
Page 2

The equipment covered by the Demand Debenture includes but is not limited to railway tank cars bearing registration numbers CEWX101 through CEWX158 inclusive and CEWX401 through CEWX424 inclusive. Included in the property covered by the Demand Debenture is personal property, including railroad cars and rolling stock, intended for use related to interstate commerce, or interests therein, owned by Canadian Enterprise Gas Products, Ltd. at the date of said Demand Debenture or thereafter acquired by it or its successors as owners of the property covered by the Demand Debenture.

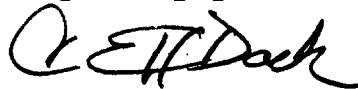
A fee of \$10 is enclosed. Please return a copy of the document bearing registration information to:

Christopher E. H. Dack
Fulbright & Jaworski (Counsel for Mortgagee)
Bank of the Southwest Building
Houston, Texas 77002

The following is a short summary of the document to appear in the index:

The Demand Debenture dated January 30, 1985 of Canadian Enterprise Gas Products, Ltd. in favor of Dow Chemical Canada Inc., as Trustee and Nominee of The Dow Chemical Company, covers personal property of Canadian Enterprise Gas Products, Ltd., including but not limited to railway tank cars bearing registration numbers CEWX101 through CEWX158 inclusive and CEWX401 through CEWX424 inclusive (see page 19 and Schedule D of the Demand Debenture), and personal property thereafter acquired by Canadian Enterprise Gas Products Ltd. or its successors.

Very truly yours,



Christopher E. H. Dack

CEHD/cmb
Enclosure

2/15/85

Interstate Commerce Commission
Washington, D.C. 20423

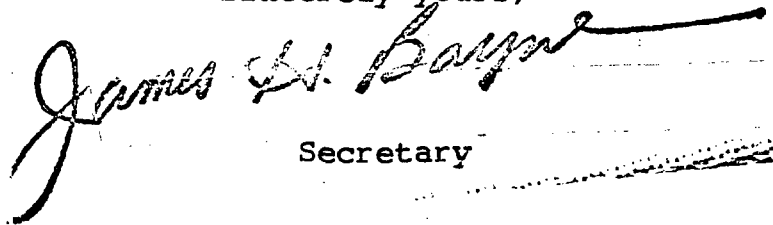
OFFICE OF THE SECRETARY

Christopher E.H. Dack
Fulbright & Jaworski
Bank Of The Southwest Building
Houston, Texas 77002

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/14/85 at 2:10pm and assigned recordation number(s). 14572

Sincerely yours,


Secretary

Enclosure(s)

14572
RECORDATION NO. Filed 1425

FEB 15 1985 - 2 10 PM

INTERSTATE COMMERCE COMMISSION

DEMAND DEBENTURE

Principal Amount: Market Value of the Mortgaged
Premises (as herein defined) But
Not to Exceed \$50,000,000 U.S.

CANADIAN ENTERPRISE GAS PRODUCTS, LTD.

in favour of

DOW CHEMICAL CANADA INC., AS TRUSTEE AND
NOMINEE OF THE DOW CHEMICAL COMPANY

IOU JAN 29 05
THE OFFICE
FEB 15 12 02 PM '85
MOTOR VEHICLE UNIT

FOR THE PURPOSES OF FILING WITH THE INTERSTATE COMMERCE COMMISSION, THIS INSTRUMENT CONSTITUTES A MORTGAGE WITHIN THE MEANING OF SECTION 11303 OF TITLE 49 OF THE UNITED STATES CODE.

DEMAND DEBENTURE

THIS DEBENTURE made as of the 30th day of January, A.D. 1985.

WHEREAS:

1. Canadian Enterprise Gas Products, Ltd. (the "Company") has pursuant to a limited recourse guarantee and postponement of claim dated as of January 30th, 1985 (the "Limited Recourse Guarantee") executed by the Company in favour of The Dow Chemical Company ("Dow U.S.") guaranteed, to the extent set forth in the Limited Recourse Guarantee, the obligations of Wanda Petroleum Company ("Wanda") to Dow U.S. incurred pursuant to agreements (the "Wanda Agreements") made as of October 31, 1980, June 14, 1982 and October 24, 1984, respectively, between Wanda and Dow U.S.;
2. The Company, as security for its obligations pursuant to the Guarantee, has agreed to grant to Dow Chemical Canada Inc. ("Dow"), as trustee and nominee of Dow U.S., a first, fixed and floating charge on certain of the property and assets of the Company;

THEREFORE this Debenture witnesseth and it is hereby covenanted, agreed and declared as follows:

ARTICLE I
INTERPRETATION

1.01 Definitions

In this Debenture, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings namely:

- a. "Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions are closed in Calgary, Canada;
- b. "Company" means Canadian Enterprise Gas Products, Ltd. and its successors and assigns;
- c. "Counsel" means a barrister and solicitor or firm of barristers and solicitors (who may be counsel to the Company) approved by Dow;
- d. "Default" means any event which, after notice or lapse of time or both, would constitute an Event of Default;
- e. "Dow" means Dow Chemical Canada Inc. and its successors and assigns;
- f. "Dow U.S." means The Dow Chemical Company;
- g. "Event of Default" means any of the events specified in Section 4.01;
- h. "this Debenture", the "Debenture", "herein", "hereby", "hereof", "hereto", "hereunder" and similar expressions mean or refer to this Debenture and any debenture, deed or instrument supplemental or ancillary thereto, and the expressions "Section",

"Article" and "Schedule" followed by a number mean and refer to the specified section or article of or section to this Debenture;

i. "Facilities" means:

i. in relation to the Oil and Gas Properties the interest of the Company in all equipment, real and personal property and rights used or useful in the operation and maintenance of or production from the Oil and Gas Properties, or any of them, including the interest of the Company referable to the appropriate portion of the Oil and Gas Properties, in and to any and all pipeline permits and licenses, wells and future wells, buildings, plants, erections, production equipment, improvements, pipelines, pipeline connections, meters, generators, motors, compressors, treating and processing equipment, pumps, tanks, communication equipment and other machinery, apparatus and equipment now or hereafter placed or installed on or in such part of the Oil and Gas Properties or outside the Oil and Gas Properties as part of or useful in the operation of a pipeline system or systems to transport, gather and/or convey Petroleum Substances from such Oil and Gas Properties, either together with substances from other lands if so used or alone to a point on or off the said Oil and Gas Properties where such system connects with a pipeline or pipelines owned by a third party operating pipelines in the Province or Territory where such property is located; all surface rights, easements, lands, rights of way, authorizations and agreements and any interest in any of them now or hereafter owned or acquired covering, related to or used or useful in connection with the foregoing and each part thereof and lands through which the same pass; all permits, licences and authorizations now held or hereafter acquired, used or useful in the operation of the foregoing and each part thereof as the same may now or hereafter

be amended, extended, renewed or replaced and any replacements thereof; and all surface leases, access rights of way and roadways of all kinds now owned or hereafter acquired covering all or such portion of the Oil and Gas Properties; and

- ii. the interest of the Company in those Facilities (as hereinbefore defined) described in Schedule "C";
- j. "Leases" means, collectively, in relation to the Oil and Gas Properties, any and all documents of title including, without limitation, leases, reservations, permits, licences, unit agreements, assignments, trust declarations, participation, exploration, farm-out, farm-in, royalty, purchase or other agreements by virtue of which the Company is entitled to explore for, drill for, recover, take or win Petroleum Substances from or with respect to lands and interests therein referred to in Section 3.01 hereof or to share in the production or proceeds of production or any part thereof or proceeds of royalty, production, profits or other interests out of, referable to or payable in respect of Petroleum Substances from or with respect to lands and interests therein referred to in Section 3.01 hereof and the rights of the Company, thereunder;
- k. "Mortgaged Premises" means the property and assets of the Company which now are or hereafter may be subjected to and intended to be subjected to the fixed and floating charge in favour of Dow created by this Debenture;
- l. "Oil and Gas Properties" means all of the Company's interest, right and estate now owned or hereafter acquired in and to:
 - i. the lands from time to time described in Schedule "B" annexed hereto and any rights to share in the production or proceeds of production thereof;

- ii. the Petroleum Substances within, upon or under all lands referred to in (i);
 - iii. royalty, production, profits and other interests or payments out of, referable to, or payable in respect of Petroleum Substances or the value thereof produced from or allocable to the lands or interests referred to in (i);
 - iv. the Leases; and
 - v. any and all rights and interests in the foregoing substantially replacing any thereof in the event of termination, surrender, renegotiation or supersession thereof.
-
- m. "Opinion of Counsel" means an opinion in writing signed by Counsel;
 - n. "Person" includes any individual, corporation, company, partnership, association, estate, trust;
 - o. "Petroleum Substances" means petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association therewith including, without limitations, sulphur;
 - p. "Subsidiary" means any corporation whose accounts would be consolidated with those of the Company in accordance with generally accepted accounting principles.

ARTICLE II
PROMISE TO PAY

2.01 The Company, for value received, and in consideration of the premises hereby acknowledges itself indebted to Dow, as trustee and nominee of Dow U.S., and promises and covenants with Dow, as trustee and nominee of Dow U.S.:

- a. to pay to Dow, as trustee and nominee of Dow U.S., the principal sum of the market value of the Mortgaged Premises, but not to exceed \$50,000,000 U.S. (the "Principal Sum") on demand; and
- b. to pay to Dow, as trustee and nominee of Dow U.S., all other monies which may be owing by the Company to Dow, as trustee and nominee of Dow U.S., pursuant to this Debenture.

provided that for all purposes hereunder the determination of the market value of the Mortgaged Premises shall be in the absolute discretion of Dow and Dow U.S.

ARTICLE III
SECURITY

3.01 Fixed and Floating Charge

The Company, in consideration of the premises and as security for the due payment of all amounts owing under this Debenture hereby (subject to the exception as to leasehold contained in Section 3.02 and subject to the exceptions contained in Sections 3.03 and 3.04):

- a. grants, mortgages, pledges and charges as and by way of a floating charge in favour of Dow, as trustee and nominee of Dow U.S., all the property and assets, now owned or hereafter acquired by the Company, wheresoever situate;

- b. grants, mortgages, pledges and charges as and by way of a first fixed and specific charge to and in favour of Dow, as trustee and nominee of Dow U.S., all the estate, right, title and interest of the Company, whether freehold, leasehold or other now owned or hereafter acquired, in and to the real and immovable property described in Schedule "A" hereto, including all buildings, erections, improvements, fixtures, fixed machinery, fixed equipment and fixed plant now upon the said property on any part or parts thereof or which may at any time hereafter be constructed or brought or placed thereon or used in connection therewith;
- c. grants, mortgages, pledges and charges as and by way of a first fixed and specific charge to and in favour of Dow, as trustee and nominee of Dow U.S.:
 - i. all of the estate, right, title and interest, whether freehold, leasehold or other now owned or hereafter acquired, in, to, under or in respect of, and all benefit and advantage to be derived by the Company from:
 - A. the Oil and Gas Properties and any extensions, renewals or replacements thereof subject to the agreements and other instruments referred to in subparagraph (B) below;
 - B. all agreements and other instruments and any extensions, renewals or replacements thereof and any other agreements or instruments now in effect or hereafter entered into that affect the Oil and Gas Properties;
 - C. the Facilities, personal property, improvements, easements, permits, licenses, servitudes, privileges, rights-of-way and all other surface rights situated upon or used or useful or held or

acquired for future use in connection with the exploration, development or operation of the lands and interests described or referred to in subparagraphs (A) and (B) above; and

- D. all Petroleum Substances now owned or hereafter acquired by the Company in lines, storage tanks and/or similar type facilities produced from or allocated to the Oil and Gas Properties and Leases or to properties with which the same are pooled or unitized; and
- d. grants, mortgages, pledges and charges as and by way of a first, fixed and specific charge to and in favour of Dow, as trustee and nominee of Dow U.S., all of the estate, right, title and interest now owned or hereafter acquired, in, to, under or in respect of, and all benefit and advantage to be derived by the Company from the railway rolling stock described in Schedule "D".

3.02 Reservation of Last Day of Leasehold Terms

It is hereby declared that the last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Company, of premises in any jurisdiction where mortgage by sub-demise may validly be given, is hereby and shall be excepted out of the mortgage, pledge and charge hereby or by any other instrument created and does not and shall not form part of the Mortgaged Premises, but should the security granted hereunder become enforceable and Dow determine or become bound to enforce the same the Company shall stand possessed of the reversion remaining in the Company of any aforesaid leasehold interest forming part of the Mortgaged Premises and of any right of renewal thereof upon trust for Dow for the purpose of this Debenture and to assign and dispose thereof as Dow shall, for such purpose, direct; and upon any sale or sales of such leasehold interest or any part thereof, Dow,

for the purpose of vesting the aforesaid residue of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid residue of any such term or any renewal thereof in the place of the Company and to vest the same accordingly in the new trustee or trustees so appointed free and discharged from any obligation respecting the same.

3.03 Ordinary Course of Business

Until the security hereby constituted shall have become enforceable and Dow shall have determined or become bound to enforce the same or the floating charge becomes a fixed charge, the Company may sell, dispose of or otherwise deal with the Mortgaged Premises, save and except those portions of the Mortgaged Premises which are subject to the fixed charge created hereunder, in the ordinary course of the Company's business and for the purpose of carrying on and extending its business, and may grant, create, assume or permit to exist any mortgage, pledge, charge, assignment, lease, lien or other security, whether fixed or floating, upon the whole or any part of the Mortgaged Premises for the purpose of carrying on and extending its business provided that the Company shall not, and the Company hereby covenants that it will not, without the prior written consent of Dow, make, give, create, grant, incur or assume any mortgage, pledge, hypothec, lien, charge, encumbrance, assignment or other security, whether fixed or floating, upon the Mortgaged Premises or any part thereof, ranking or purporting to rank in priority to or pari passu with the floating charge created and secured hereby except for security created in connection with and at the time of acquisition of assets provided that:

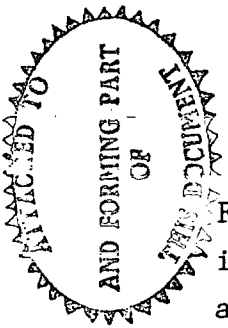
- a. the acquisition is from a vendor at arm's length to the Company for a purchase price of fair market value or less,

- b. the amount secured does not exceed 75% of the purchase price for such assets and
- c. the security only covers the assets acquired.

3.04 Inventory, Cash and Accounts Receivable

Notwithstanding anything else herein contained there shall be excluded from the Mortgaged Premises the Company's cash, accounts receivables and inventory and stock-in-trade. For the purposes of this Section 3.04 the assets of the Company subject to the fixed charge granted pursuant to Section 3.01 hereof shall be deemed not to be cash, accounts receivable, stock-in-trade or inventory.

For greater clarity, none of the cash, accounts receivable, inventory or stock-in-trade shall on the date of this agreement or at any time thereafter be subject to the fixed charge or floating charge created hereunder nor shall any cash, accounts receivable, inventory or stockin-trade form any part of the Mortgaged Premises.



of this Debenture.

3.06 Debenture Valid Irrespective of Date of Advance of Moneys

The security hereby created shall have effect whether or not the moneys hereby secured or any part thereof shall be advanced before or after or upon the date of execution of this Debenture.

3.07 Registration

Dow shall:

- a. register, file or record or cause to be registered, filed or recorded, at the Company's expense, this Debenture and all instruments supplemental or ancillary hereto at every office and

place where the registration, filing or recording thereof may, in the opinion of Counsel, be of material advantage in preserving and protecting the security hereby created; and

- b. renew or cause to be renewed such registrations, filings or recordings from time to time as and when required.

3.08 Further Assurances

The Company shall forthwith, and from time to time, execute and do or cause to be executed and done all deeds, documents and things which, in the opinion of Counsel, are necessary or advisable for giving Dow a valid first, fixed and first floating mortgage, pledge and charge of the nature herein specified upon the Mortgaged Premises and for better assuring, mortgaging, pledging, charging, assigning and confirming unto Dow the Mortgaged Premises and for conferring upon Dow such power of sale and other powers over the Mortgaged Premises as are hereby expressed to be conferred. Dow shall forthwith, and from time to time, execute and do or cause to be executed and done all deeds, documents and things, including postponements, to give effect to Sections 3.03 and 3.04.

3.09 Future Acquisitions

The Company hereby covenants and agrees that after the date hereof it shall forthwith advise Dow of the acquisition by the Company or any Subsidiary of any asset constituting the Mortgaged Premises having a fair market value in excess of \$15,000 (hereinafter called the "After Acquired Assets") and, if requested, shall grant to Dow or cause to be granted to Dow a first, fixed specific mortgage and charge on the After Acquired Assets, provided that this Section 3.09 shall not be applicable to those classes of assets described in Section 3.04 hereof.

ARTICLE IV
DEFAULT AND ENFORCEMENT

4.01 Events of Default

The Principal Sum of this Debenture and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon the occurrence of an Event of Default. For the purposes of this Debenture an Event of Default shall mean:

- a. a demand to the Company for payment under the Limited Recourse Guarantee and the failure of the Company to make such payment in accordance with the Limited Recourse Guarantee;
- b. any default or Event of Default (as defined in the Wanda Agreements) by Wanda of the terms of the Wanda Agreements or any agreement securing the obligations of Wanda to Dow U.S. arising out of the Wanda Agreements; or
- c. the failure by Wanda to pay any of the obligations of Wanda to Dow U.S. under the Wanda Agreements on the date such obligations (or portion thereof) are due and payable.

4.02 Remedies in Case of Default

The Company covenants that:

- a. If any Event of Default shall occur, then upon demand of Dow without need for any further declaration, formality, notice or other communication all of which are hereby expressly waived by the Company, the Company will pay to Dow, as trustee and nominee of Dow U.S., the Principal Sum of the Debenture that then shall have become due and payable and all other monies secured hereby and in addition thereto, such further amount as shall be sufficient to cover reasonable compensation to Dow, its

agents and counsel, and all other expenses and liabilities incurred, and all advances made, by Dow hereunder.

- b. In case the Company shall fail forthwith to pay such amounts upon such demand, Dow in its own name and as trustee and nominee of Dow U.S., shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon the Debenture and collect in the manner provided by law out of the property of the Company or other obligor upon the Debenture wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor upon the Debenture under any applicable bankruptcy or insolvency law relative to the Company or to such other obligor, its creditors or its property, or in case a receiver or trustee shall have been appointed for its property, or in case of any judicial proceedings relative to the Company or the Debenture or relative to any other obligor upon the Debenture, Dow, regardless of whether an Event of Default shall have occurred shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims with respect to its rights hereunder, and to file such other papers or documents as may be necessary or advisable in order to have the claims of Dow (including any claim for reasonable compensation to Dow, its agents and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made by Dow) allowed in any judicial proceedings relative to the Company or other obligor upon the Debenture, its creditors or its property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of

Dow, on its behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by Dow, to pay such amount as shall be sufficient to cover reasonable compensation to it, its agents and counsel, and all other expenses and liabilities incurred, and all advances made by Dow.

c. In case of an Event of Default pursuant to Section 4.01 hereof, Dow may, in its discretion:

- i. proceed to protect and enforce the rights vested in it by this Debenture by such appropriate judicial proceedings as Dow shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise whether for the specific enforcement of any covenant or agreement contained in this Debenture, or to enforce any other legal or equitable right vested in Dow by this Debenture or by law; and/or
- ii. by instrument in writing, appoint any person or person to be a receiver, manager or receiver and manager (hereinafter collectively called the "Receiver") of all or any part of the Mortgaged Premises including any rents and profits thereof and may remove any receiver or receivers so appointed and may appoint any other or others in his or their stead; and/or
- iii. by itself, its officers, agents or attorneys, in its discretion and/or by a receiver, manager, or receiver and manager appointed by it (if permitted or required by law) and/or by a court of competent jurisdiction on its application, and either with or without notice as it in its absolute discretion determines, enter into and upon and take possession of the whole or any part or parts of the Mortgaged Premises, with full power to exclude the Company, its agents and servants therefrom;

- iv. subject to the provisions of Section 4.01 hereof, in case the security hereby constituted shall have become enforceable as herein provided and the Company shall have failed to pay to Dow on demand, the Principal Sum, together with any other amounts due hereunder, Dow may, either after such entry as aforesaid or without any entry, sell and dispose of the Mortgaged Premises, either as a whole or in separate parcels, by private contract, at public auction or by public tender, at such times and on such terms and conditions as Dow shall appoint, having first given such reasonable notice as it may think proper or as may be required pursuant to the provisions of any applicable law in any jurisdiction in which the Mortgaged Premises are situate and in or as near as may be to each of the other places in which the Mortgaged Premises to be sold and disposed of are located, and it shall be lawful for Dow to make such sale, either for cash or upon credit, upon such reasonable conditions as to upset or reserve bid or price and as to terms of payment, as it may deem proper and also to rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred herein, to adjourn any such sale from time to time, and to execute and deliver to the purchaser or purchasers of the Mortgaged Premises or any part thereof, a good and sufficient deed or deeds for the same, Dow being hereby constituted the irrevocable attorney of the Company for the purpose of making such sale and executing such deeds and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Company and their assigns and all other persons claiming the Mortgaged Premises or any part or parcel thereof by, from, through or under the Company or its assigns, and the proceeds of any such sale shall be distributed in the manner hereinafter provided.

- v. Dow, any Affiliate of Dow, any receiver, or any receiver and manager, or any agent or representative thereof, may become purchasers at any sale of the Mortgaged Premises, whether made under the power of sale herein contained or pursuant to judicial proceedings. For the purposes of this Section 4.02 Affiliate means, with reference to any corporation, any person which directly or indirectly, controls or is controlled by or is under common control with such corporation.

- vi. The Company binds and obliges itself to yield up possession of the Mortgaged Premises to Dow and/or the Receiver appointed under Section 4.02(c)(ii) hereof whenever there is a right of entry thereunder and agrees to put no obstacle in the way of, but to facilitate by all legal means, the actions of Dow and such Receiver hereunder and not interfere with the exercise of the powers hereby granted to them or either of them. The Company shall not, after receiving due notice from Dow that it and/or such Receiver has been validly appointed and has taken possession of the Mortgaged Premises by virtue of these presents, continue therein, unless with the express written consent and authority of Dow and/or such Receiver, and shall forthwith, by and through their officers and directors, execute such documents and transfers as may be necessary to place Dow and/or such Receiver in legal possession of the Mortgaged Premises and after receipt of such notice all the powers and functions, rights and privileges of each and every of the directors and officers of the Company shall cease and determine with respect to the Mortgaged Premises unless expressly continued in writing by Dow and/or such Receiver, or unless the Mortgaged Premises shall have been restored to the Company as hereinbefore provided.

vii. If a Receiver is appointed under paragraph (ii) of this Section 4.02(c), the following provisions shall apply:

- A. such appointment shall be made in writing signed by Dow and such writing shall be conclusive evidence for all purposes of such appointment. Dow may from time to time in the same manner remove any Receiver so appointed and appoint another in his stead. In making any such appointment Dow shall be deemed to be acting as the attorney for the Company;
- B. any such appointment may be limited to any part or parts of the Mortgaged Premises or may extend to the whole thereof;
- C. every such Receiver may, in the discretion of Dow, be vested with all or any of the powers and discretions of Dow;
- D. Dow may from time to time fix the reasonable remuneration of every such Receiver and direct the payment thereof out of the Mortgaged Premises (in priority to Dow), the income therefrom or the proceeds thereof;
- E. Dow may from time to time require any such Receiver to give security for the performance of his duties and may fix the nature and amount thereof, but shall not be bound to require such security;
- F. every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent of the Company, and in no event the agent of Dow and Dow shall not, in making or

consenting to such appointment, incur any liability to any Receiver for his remuneration or otherwise howsoever;

- G. except as may be otherwise directed by Dow all monies from time to time received by any Receiver shall be paid over to Dow at the principal office of Dow U.S. in Midland, Michigan, to be held by it as part of the Mortgaged Premises;
- H. Dow may pay over to any Receiver any monies constituting part of the Mortgaged Premises to the extent that the same may be applied for the purpose hereof by such Receiver, and Dow may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of his duties as such Receiver; and
- I. the Company hereby consents to the appointment of such Receiver under this Section 4.02.

4.03 Application of Proceeds of Sale or Realization

Except as otherwise herein provided, the moneys arising from any operation of the Mortgaged Premises under the provisions of Section 4.02 or from the sale or other realization of the whole or any part of the Mortgaged Premises, pursuant to any proceedings based upon an Event of Default hereunder whether under any sale by Dow or by judicial process or otherwise, shall be applied, together with any other moneys then or thereafter in the hands of Dow available for the purpose as follows:

- a. first, in payment of all costs, charges and expenses of and incidental to any such sale or realization;

- b. second, in payment of all charges on the Mortgaged Premises or the part thereof so sold or realized (except those subject to which such sale or realization shall have been made) ranking in priority to this Debenture;
- c. third, in payment of all other moneys owing hereunder, except principal;
- d. fourth, in or towards payment of the Principal Sum and any other amount owing by the Company and secured by the Debenture for the time being outstanding; and
- e. fifth, the surplus, if any, of such moneys shall be paid to the Company or its assigns.

4.04 Persons Dealing with Dow

No Person dealing with Dow or its agents shall be concerned to enquire whether an Event of Default shall have occurred and be continuing or whether the powers which Dow is purporting to exercise have become exercisable or whether any moneys remain due upon the security of this Debenture or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by Dow with the Mortgaged Premises or any part thereof, or to see to the application of any moneys paid to Dow.

4.05 Dow Appointed Attorney

The Company hereby irrevocably appoints Dow to be the attorney of the Company and in its name and on its behalf to execute and do any deeds, transfers, conveyances, assignments, assurances, consents and things which the Company ought to sign, execute and do and have not executed or done, under the covenants and provisions contained in this Debenture and generally to use the name of the

Company in the exercise of all or any of the powers hereby conferred on Dow, with full powers of substitution and revocation.

4.06 Remedies Cumulative

All powers and remedies given herein to Dow shall, to the extent permitted by law, be deemed cumulative and not exclusive of but in addition to any other powers and remedies available to Dow, by law, equity, statute, judicial proceedings or otherwise, to enforce the performance and observance of the covenants and agreements contained in this Debenture, and no delay or omission of Dow to exercise any right or power accruing upon any Default occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such Default or an acquiescence therein; and every power and remedy given herein or by law to Dow may be exercised from time to time, and as often as shall be deemed expedient by Dow.

4.07 Confirmatory Deeds

In case of any sale of the Mortgaged Premises or any part thereof under the provisions of this Debenture, whether made under the power of sale herein contained by Dow or pursuant to judicial proceedings, the Company agrees that it will execute and deliver to the purchaser on demand any instrument reasonably necessary to transfer, convey, assure or confirm to the purchaser the title of the Mortgaged Premises so sold; and, in case of any sale, Dow is hereby irrevocably authorized by the Company to execute on their behalf and in their name any such confirmatory instrument.

4.08 Various Jurisdictions

If any law specifically applicable to this Debenture or the transactions contemplated hereby or to instruments or transactions substantially similar hereto or thereto of any jurisdiction within which

any foreclosure and sale hereunder is to be conducted shall provide for different or additional requirements than or to those specified herein or therein as prerequisites to or incidental to such sale or foreclosure of the security hereby constituted or any part thereof, then the laws of each such jurisdiction shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of sale or foreclosure of the security hereby constituted required by any such laws shall, insofar as may be necessary, be substituted herein as the method of sale or foreclosure in lieu of that set forth above.

4.09 Conflict - Applicable Law

All rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of applicable law and all provisions of this Debenture are intended to be subject to all mandatory provisions of applicable law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Debenture invalid, unenforceable or not entitled to be recorded, registered or filed under the mandatory provisions of any applicable law. Any provision hereof contrary to mandatory provisions of applicable law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Debenture.

4.10 General

- a. To the full extent that it may lawfully do so, the Company for itself and its successors and assigns hereby waives and disclaims any benefit of, and shall not have or assert any right under, any statute or rule of law pertaining to the marshalling of assets or other matter whatever, to defeat, reduce or affect the rights of Dow under the terms of this Debenture or any Receiver to a sale of the Mortgaged Premises or any part thereof, for the collection of all amounts secured hereby (without any prior or different resort for collection). To the full extent that they may

lawfully do so, the Company agrees that it shall not have or assert any right of equity of redemption or any right under any statute or otherwise to redeem the Mortgaged Premises or any part thereof after the sale hereunder whether by Dow, any Receiver or otherwise.

- b. This Debenture is a composite mortgage and security agreement covering the Mortgaged Premises of the Company located in various jurisdictions and, as to portions of the Mortgaged Premises located in such separate jurisdictions, this Debenture shall be a separate mortgage and security agreement enforceable against the Company without regard to the application of this Debenture to portions of the Mortgaged Premises located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the Mortgaged Premises located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect thereto had been executed and delivered by the Company to Dow. In the event this Debenture is not registrable or enforceable under the laws of any jurisdiction in which all or any part of the Mortgaged Premises may from time to time be located then, upon the request of Dow, the Company shall prepare at its expense a separate mortgage and security agreement covering the portion of the Mortgaged Premises located in any such jurisdiction or jurisdictions, such separate mortgage and security agreement to be substantially in the form hereof except for such modifications as shall be required by the fact that such mortgage and security agreement relates only to the property of the Company located in such jurisdiction or jurisdictions or as may be required by Dow in connection therewith. The Company hereby agrees to execute and deliver to Dow all such separate mortgages and security agreements which may be so requested in form and substance satisfactory to Dow, and, at the request of Dow, but at the expense of the Company, the Company shall record, register and file, and keep recorded, registered and filed, such separate mortgage and security agreements to the extent required hereby.

ARTICLE V
WAIVER

5.01 Dow may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by Dow shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by Dow shall bind Dow unless it is in writing. The inspection or approval by Dow of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligations.

ARTICLE VI
OTHER RIGHTS OF DOW

6.01 Dow May Pay or Perform

Dow may, but shall not be obliged to, pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so including, without limiting the generality of the foregoing, payment of any costs of repairs, taxes, rates, insurance premiums, rents, encumbrances, legal and other professional fees or fines and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted and any amount paid by Dow shall be repayable forthwith and shall bear interest at the rate provided for herein and shall be secured by the charges herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, Dow shall not pay the same if the Company shall satisfy Dow and, if required,

furnish security satisfactory to Dow, that such contestation will involve no forfeiture of any part of the Mortgaged Premises.

6.02 Dow May Compromise or Release

If applicable, Dow may compound, compromise, or release any one or more guarantors, covenantors or sureties of the monies hereby secured, or any part of the Mortgaged Premises without releasing any other guarantors, covenantors or sureties, and without any liability to account to any guarantor, covenantor or surety, and without prejudice to the security herein.

ARTICLE VII
SECURITY PROVISIONS

7.01 Security Additional

The security hereby created is in addition to and not in substitution for any other security now or hereafter held by Dow or Dow U.S. under the Guarantee, and this security shall not merge in any other security now or hereafter held by Dow or Dow U.S. under the Guarantee.

7.02 Security Continuing

Until this Debenture has been discharged, this Debenture and the charges hereby created shall be and remain valid and continuing security and shall cover and secure the payment of any and all indebtedness and liability, present and future, direct or indirect, absolute or contingent of the Company to Dow U.S. under the Guarantee.

7.03 No Merger

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the Principal Sum, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants and affect Dow's right to interest under this Debenture.

7.04 Extension of Charge

It is understood and agreed that the charge herein contained is intended to be a charge of all of the Company's right, title and interest in the Mortgaged Premises and each and every part thereof and if the right, title and interest of the Company in the Mortgaged Premises or any part thereof enlarges, or is renewed, extended or added to, then the charge herein contained shall be enlarged and extended to be a charge of the enlarged right, title and interest of the Company. All rights, properties and interests hereinafter acquired by the Company and all improvements, renewals, extensions or additions to the rights, properties and interests of the the Company which by this Debenture are, or are intended to become, part of the Mortgaged Premises shall promptly upon the acquisition thereof by the Company, and without any further act on the part of the Company, become and be subject to the charge as fully and completely as though now owned by the Company.

ARTICLE VIII
NEGOTIABILITY

8.01 Negotiability, Sale, Assignment, Grant of Interest,
Transfer and Participation

This Debenture is not a negotiable instrument and any subsequent holder shall be deemed to have taken this Debenture subject to any equities existing between the Company and Dow or Dow U.S.

ARTICLE IX
NON-RECOURSE

9.01 Notwithstanding anything in this Debenture, Dow U.S.'s and Dow's rights pursuant to this Debenture shall be limited and restricted to the Mortgaged Premises and Dow U.S. and Dow shall in no case have any recourse against the Company for any deficiency in payment of the Principal Sum, if any, which may exist following the realization of the Mortgaged Premises in the manner or manners aforesaid.

ARTICLE X
PROTECTION AND MAINTENANCE OF MORTGAGED PREMISES

10.01 Insurance

The Company covenants that it will insure the Mortgaged Premises (excepting the Facilities and the Oil and Gas Properties) against loss or damage by fire and other usual perils, to the amount of not less than the full insurable value of the Mortgaged Premises in lawful money of Canada in companies authorized to do business in Canada. In the case of the Facilities and the Oil and Gas Properties, the Company shall cause, to the extent it is contractually entitled to do so, the operator of such properties to insure the same in accordance with the applicable operating agreements governing the Facilities and the Oil and Gas Properties. All such insurance policies shall name Dow

as first loss payee in the case of theft, loss or total destruction, deterioration or damage and shall contain provisions stating that the insurance policies are not cancellable without a minimum of 10 days' prior written notice by the insurer to Dow.

10.02 Use of Insurance Proceeds

At its option, Dow may use or permit to be used any insurance proceeds received by Dow for the reconstruction or repair of the Mortgaged Premises without in any way impairing or affecting its rights hereunder. The Company agrees that (a) in the event insurance proceeds are received by the Company as compensation for a theft, loss or total destruction of all or any part of the Mortgaged Premises, the Company shall promptly (i) pay or cause to be paid all such insurance proceeds to Dow or, with the consent of Dow, (ii) apply all such insurance proceeds to purchase replacement property of like kind and description as the lost or destroyed property in which replacement property Dow shall have a first, fixed and specific charge, and the Company shall promptly take all steps necessary under applicable law to perfect such first, fixed and specific charge in favour of Dow, and (b) in the event insurance proceeds are received by the Company as compensation for any partial damage (less than total destruction) to all or any part of the Mortgaged Premises, the Company shall promptly apply such insurance proceeds to repair or replace the damaged property, unless otherwise agreed in writing by Dow, provided that any replacement of property purchased in whole or in part with insurance proceeds shall be purchased subject to the provisions of Section 10.05, it being understood, for purposes of applying Section 10.05 to the circumstances set forth herein, that the words "insurance proceeds" shall be substituted for the words "trade-in value" wherever such words appear in Section 10.05.

10.03 Maintenance of Mortgaged Premises

The Company will maintain and keep, at its own cost and expense, all the Mortgaged Premises in good order and repair, making good in such connection all damage thereto, including, without limitation, damage by collision, fire or explosion.

10.04 Company to Defend

The Company and will warrant and forever defend the Mortgaged Premises against all Persons and will pay and discharge all claims or obligations due laborers, mechanics and others which may by law be given a prior right to the lien of these presents, and will pay when due and payable all taxes levied or assessed upon the Mortgaged Premises or any part thereof, and all fees, charges, taxes, assessments or levies in any manner connected with the Mortgaged Premises or its use or application, this Debenture, or any rights or interest arising hereunder, the lien whereof might or could be held to rank equally with or prior to the lien holder so that the priority of the lien hereof shall be duly preserved.

10.05 Replacement Property

Notwithstanding anything to the contrary herein, the Company shall have the right in the ordinary course of its business to trade in all or any portion of the Mortgaged Premises and apply the amount credited as the trade-in value in payment of all or a part of the consideration for the purchase of replacement property of like kind and description (the "Replacement Property") provided the following conditions are satisfied:

- a. Dow is granted a first, fixed and specific charge upon the Replacement Property and steps necessary to perfect such charge in favour of Dow are undertaken by the Company; or

- b. i. the Replacement Property is purchased subject to a purchase money security interest securing debt incurred to any lender of funds (the "Purchase Money Lender") to finance the purchase of the Replacement Property (the "Purchase Money Security Interest"); and
- ii. the amount of such debt secured by the Purchase Money Security Interest does not exceed the purchase price of the Replacement Property less the trade-in value credited against the purchase price for property being traded in; and
- iii. the Purchase Money Lender consents in writing to give Dow a second fixed and specific charge in such Replacement Property subordinate only to the Purchase Money Security Interest; and
- iv. all steps necessary to perfect such second fixed and specific charge in favour of Dow are undertaken by the Company.

Upon the occurrence of the foregoing conditions, Dow agrees to release its security interest in the property being traded in. The Company agrees that upon the payment in full of the debt secured by any Purchase Money Security Interest permitted hereunder or otherwise consented to in writing by Dow, Dow shall have a first, fixed and specific charge upon the Replacement Property which was subject to such Purchase Money Security Interest, and the Company shall promptly obtain the release of such Purchase Money Security Interest of record and take all steps necessary under any applicable law to perfect such first, fixed and specific charge in favour of Dow.

ARTICLE XI
MISCELLANEOUS

11.01 Time

Time shall be of the essence of this Debenture.

ARTICLE XII
NOTICE

12.01 Any notice or demand which by any provision of this Debenture is required or permitted to be given or secured shall be given or secured by personal delivery as follows:

Canadian Enterprise Gas Products, Ltd.
300, 900 - 6th Avenue S.W.,
Calgary, Alberta.

Attention: Al Bell

Dow Chemical Canada Inc.
250 6th Avenue S.W.
Calgary, Alberta

Attention: Colleen Repchinsky

The Dow Chemical Company
2020 Willard H. Dow Center
Midland, Michigan 48674

Attention: Treasurer, Dow Chemical U.S.A.

The address for service may be changed by providing the other party with notice of the same.

ARTICLE XIII
INTERPRETATION

13.01 Governing Law

This Debenture shall be governed by, and construed in accordance with the laws of the Province of Alberta and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta. The Company hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta.

13.02 Severability

If any one or more of the provisions or parts thereof contained in this Debenture should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- a. the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- b. the invalidity, illegality or unenforceability of any provision or part thereof contained in this Debenture in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Debenture in any other jurisdiction.

13.03 Execution in Counterpart

This Debenture may be executed in counterpart each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

13.04 Headings

The headings of the clauses of this Debenture have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Debenture.

13.05 Binding Effect

This Debenture and all of its provisions shall enure to the benefit of Dow, its successors and assigns, and shall be binding upon the Company and its successors and assigns.

IN WITNESS WHEREOF the Company has duly executed these presents under the hands of its proper officers in that behalf under its common seal by its duly authorized officers.

CANADIAN ENTERPRISE GAS
PRODUCTS, LTD.

Per: 

PRESIDENT

Per: 

SECRETARY

DOW CHEMICAL CANADA INC.

Per: 

Per: 

39B.1

SCHEDULE "A"

Condominium Plan Calgary 8011160

Unit Two (2)

And 1169 undivided One Ten Thousandth Shares in the
Common Property

Excepting Thereout All Mines and Minerals.

39A.19

SCHEDULE "B"

<u>LANDS</u>	<u>LEASE</u>	<u>INTEREST OF CANADIAN ENTERPRISE GAS PRODUCTS, LTD.</u>
1. Section 2-35- 2-W5M	Province of Alberta Petroleum & Natural Gas Lease No. 42377	A 49.69% share of a gross over- riding royalty of m3/23.85 (minimum 5% - maximum 15%) on oil production and 15% on natural gas production (minimum \$5.00/1,000 cubic meters) on 100% of production before payout convertible to a 13.804% working interest after payment.
2. Section 36-35- 2-W5M	Province of Alberta Petroleum & Natural Gas Lease No. 0477110104	A 25% working interest plus a 40.277733% share of a gross overriding royalty of 1/150 (minimum 12.75%) on monthly oil production and 12.75% on monthly gas production (minimum 20¢ per mcf) based on 75% of production before payout and (assuming conversion of the royalty after payout) a 40.1045% working interest after payout, all to the base of the Banff formation.
3. S½ and NE½ of Section 15 and all of Section 16-35-2-W5M	Freehold Natural Gas Lease with respect to the SE½ of 15-35- 2-W5M from L. Mabel Kelly, Lynn Kelly and Elizabeth Zoe Kitzul. With respect to the NE½ of Section 15-35-2-W5M Petroleum & Natural Gas Lease from L. Mabel Kelly, Lynn Kelly and Elizabeth Zoe Kelly.	With respect to gas a .98% working interest and with respect to oil a 1.15% working interest.

INTEREST OF CANADIAN
ENTERPRISE GAS
PRODUCTS, LTD.

LANDSLEASE

With respect to the
SW $\frac{1}{4}$ of 15-35-2-W5M
Petroleum &
Natural Gas Lease
from Her Majesty
the Queen in right
of Canada

With respect to
Section
16-35-2-W5M
Province of Alberta
Petroleum & Natural
Gas Lease No.
0480110126

4. Sections 10,
11
and 12-35-2-W5M

With respect to
Section
10-35-2-W5M,
Province of Alberta
Petroleum
and Natural Gas Lease
No. 42378.

With respect to
Section
11-35-2-W5M and
12-35-2-W5M a
Province of Alberta
Petroleum &
Natural Gas Lease
No. 0477110102

5. Sections 14
and
22-35-2-W5M

With respect to the
SE $\frac{1}{4}$ of 14-35-2-W5M
Province of Alberta
Petroleum and Natural
Gas Lease No.
0477110103

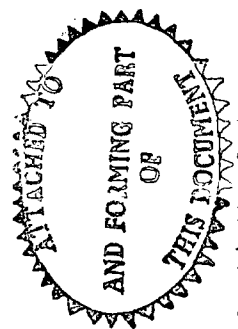
With respect to the
SW $\frac{1}{4}$ and N $\frac{1}{2}$ of
14-35-2-W5M
Province of Alberta
Petroleum and Natural
Gas Lease No. 38485

- a. With respect to Section
11-35-2-W5M, a 13.8039%
share of a gross overriding
royalty of 1/150 (minimum 5%
maximum 12.75%) on monthly
oil production and 12.75% on
monthly gas production before
payout convertible to a
6.9025% working interest after
payout.
 - b. With respect to Sections 10 and
12-35-2-W5M, a 6.9025%
working interest before and
after payout.
-
- a. With respect to
Section 14-35-2-W5M (to
the base of the Banff
formation) a .8627% share of a
gross overriding royalty of
1/25.5730 in meters cubed
expressed as a percent
(minimum 4.668% - maximum
13.981%) on monthly oil
production and 13.981% on
monthly gas production before
payout and a .4313% working
interest after payout

LANDSLEASEINTEREST OF CANADIAN
ENTERPRISE GAS
PRODUCTS, LTD.

- | | | |
|--|---|--|
| | With respect to
Section 22-35-2-W5M
Province of Alberta
Petroleum and Natural
Gas Lease No. 31976 | b. With respect to Section
22-35-2-W5M both before
and after payout a
.4313% working interest. |
| 6. W $\frac{1}{2}$ of Section
29-35-1-W5M | Province of Alberta
Petroleum &
Natural Gas Lease
No. 0477110155. | A 40.10415% share of a gross
overriding royalty of 1/150
(minimum 5% - maximum 15%) on
monthly gas production and 15%
(minimum 15¢ per mcf) on monthly
gas production before payout with
respect to the NE $\frac{1}{4}$ of Section
29-35-1-W5M, which royalty is
convertible to a 12.03120% working
interest after payout and in the
balance of Section 29-35-1-W5M
being the W $\frac{1}{2}$ and the SE $\frac{1}{4}$ of
29-35-1-W5M, a 16.04166% working
interest before and after payout,
all to the base of the Banff
formation. |
| 7. Section 28-35-
1-W5M | With respect to the
N $\frac{1}{2}$ and SE $\frac{1}{4}$ of
28-35-1-W5M,
Province of Alberta
Petroleum & Natural
Gas Lease No.
0480090113 and with
respect to the SW $\frac{1}{4}$
of 28, a freehold
Petroleum & Natural
Gas Lease. | A 20.052% working interest before
payout in the NW $\frac{1}{4}$ of Section
28-35-1-W5M subject to reduction
to a 10.026% working interest after
payout and a 10.026% working
interest in the S $\frac{1}{2}$ and NE $\frac{1}{4}$ of
Section 28-35-1-W5M. |

The interests of Canadian Enterprise Gas Products, Ltd. set forth in this Schedule are subject to all applicable lessor's royalties, a 4.5% gross overriding royalty, and are further subject to all applicable operating and other agreements governing the said interests which are presently in existence or come into existence in the ordinary course of business or are contemplated by the said agreements.



SCHEDULE "C"

A treatment facility located at LSD 16-29-35-1-W5M.

39A.21

SCHEDULE "D"

Railway tank cars bearing registration numbers CEWX101 through CEWX158 inclusive and CEWX401 through CEWX424 inclusive.

39A.22